



Weekly Ag Update

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Issue 56-36

INCLUDED IN THIS ISSUE - SEPTEMBER 5, 2006

Crop Weather Agricultural Prices Received Livestock Outlook

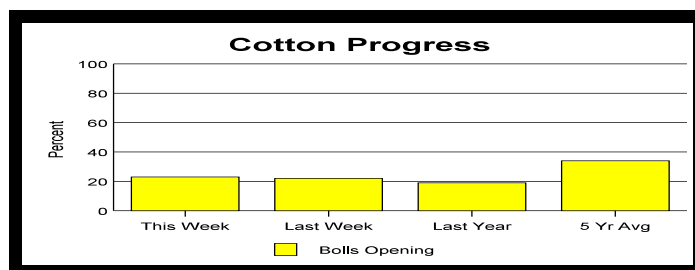
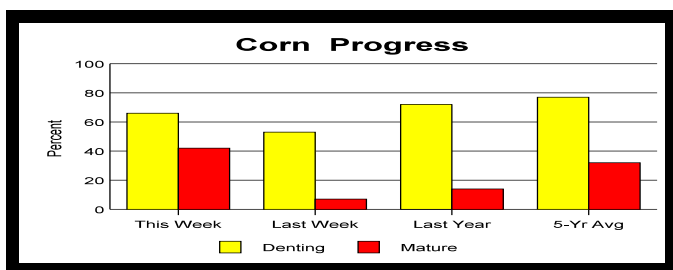
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CROP SUMMARY FOR THE WEEK ENDING SEPTEMBER 3, 2006

NEW MEXICO: There were 5.0 days suitable for field work. Topsoil moisture was 6% very short, 15% short, 63% adequate and 16% surplus. Wind damage was 12% light, and 2% moderate. No hail damage was reported. Farmers spent the week baling hay, cultivating, harvesting, weeding, cleaning and drying fields due to the recent heavy rains. Alfalfa was reported as 2% very poor, 7% poor, 11% fair, 62% good and 18% excellent with 98% of the fourth cutting complete, 43% of the fifth cutting complete, 8% of the sixth cutting complete. Irrigated sorghum was reported as fair to excellent with 91% headed, 38% coloring and 16% mature. Dry sorghum condition was reported as 25% very poor, 26% poor, 40% fair, 7% good and 2% excellent with 44% headed and 16% coloring. Total sorghum condition was reported as 17% very poor, 17% poor, 28% fair, 30% good, and 8% excellent with 60% headed, 23% coloring and 5% mature. Peanuts were reported as 4% very poor, 5% poor, 77% fair and 14% good. Lettuce was reported as 100% planted. Pecan conditions were reported as 60% good and 40% excellent. Cotton was reported as 3% very poor, 7% poor, 33% fair, 32% good and 25% excellent with 23% bolls opening. Chile condition was reported as 2% very poor, 16% poor, 44% fair and 38% good. Green chile was reported as 78% harvested. Corn condition was reported as 5% poor, 8% fair, 46% good, and 41% excellent, with 100% in the dough stage, 66% in the dent stage and 42% mature. Cattle conditions were reported as 1% very poor, 7% poor, 26% fair, 45% good and 21% excellent. Sheep conditions were reported as 8% very poor, 12% poor, 42% fair, 34% good and 4% excellent. Ranges and pastures received more moisture this week, with conditions reported as 5% very poor, 13% poor, 16% fair, 50% good and 16% excellent. Much of the state received some rain, flooding reported in some areas. Ranchers have almost completely stopped supplemental feeding.

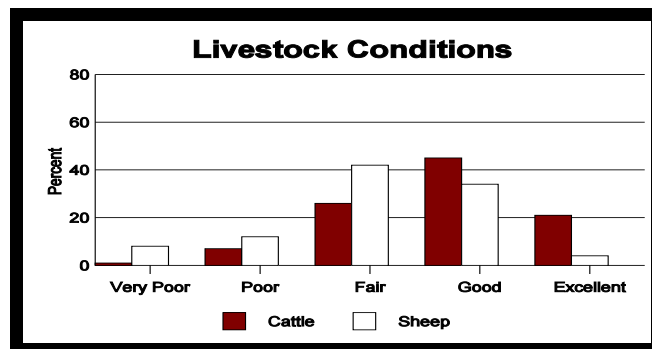
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Harvested	78	37	52	63
CORN	Denting	66	53	72	77
CORN	Mature	42	7	14	32
COTTON	Bolls Opening	23	22	19	34
LETTUCE	Planted	100	76	84	91
SORGHUM	Headed	60	50	93	81
SORGHUM	Coloring	23	7	27	23
SORGHUM	Mature	5	3	4	1



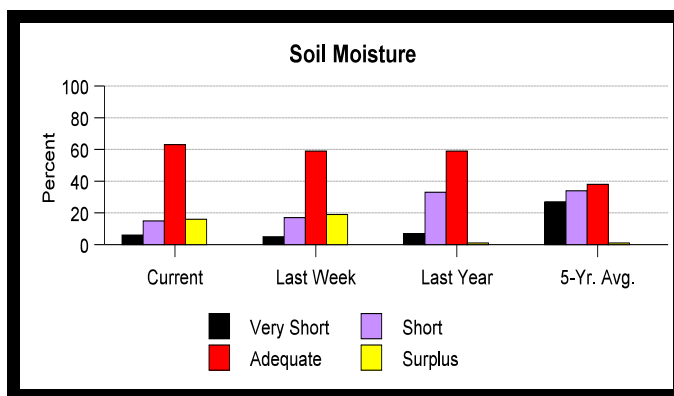
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	2	7	11	62	18
Apples	---	5	90	5	---
Chile	2	16	44	38	---
Corn	---	5	8	46	41
Cotton	3	7	33	32	25
Pecans	---	---	---	60	40
Peanuts	4	5	77	14	---
Sorghum (All)	17	17	28	30	8
Cattle	1	7	26	45	21
Sheep	8	12	42	34	4
Range/Pasture	5	13	16	50	16



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	22	41	36	1
Northeast	1	10	86	3
Southwest	---	10	60	30
Southeast	2	6	54	38
State Current	6	15	63	16
State-Last Week	5	17	59	19
State-Last Year	7	33	59	1
State-5-Yr Avg.	27	34	38	1



WEATHER SUMMARY

Another week of showers and thunderstorms brought measurable rains to most areas. A surface front aided by an upper level trough at the end of the week resulted in cooler temperatures in the northeast on Friday and statewide through the weekend. Heavy rains were common across southern New Mexico, with six sites reporting over two inches of rain. Carlsbad, with 3.62 inches, and Tatum, with 3.24 inches, reported the highest totals for the week. Most data was missing for Socorro.

NEW MEXICO WEATHER CONDITIONS - AUGUST 28 - SEPTEMBER 3, 2006

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	08/28 09/03	09/01 09/03	Normal Sept	01/01 09/03	Normal Jan-Sept
Farmington	70.1	87	49	0.06	0.06	0.97	4.79	6.33
Gallup	67.4	84	48	0.89	0.72	1.31	8.64	9.67
Capulin	60.0	82	43	0.00	0.00	2.22	11.69	15.30
Chama	59.2	79	41	0.45	0.42	2.23	13.93	16.13
Johnson Ranch	63.7	84	40	0.00	0.00	1.33	9.09	9.05
Las Vegas	61.9	82	48	0.25	0.00	2.40	13.60	16.27
Los Alamos	61.4	75	48	0.41	0.35	2.12	9.14	15.30
Raton	62.7	85	48	0.41	0.36	1.61	11.04	14.64
Red River	55.1	73	38	0.65	0.53	1.66	16.31	16.69
Santa Fe	64.2	84	47	1.14	1.14	1.51	10.77	11.54
Clayton	65.5	88	50	0.11	0.11	1.77	12.50	13.38
Clovis	68.3	88	54	0.43	0.38	2.16	11.30	14.90
Roy	63.1	83	50	0.26	0.06	1.90	12.32	13.74
Tucumcari	68.9	92	54	0.52	0.47	1.47	12.85	12.45
Grants	65.4	82	45	0.08	0.04	1.56	8.58	8.51
Quemado	62.4	81	40	0.67	0.47	1.73	9.56	11.41
Albuquerque	70.9	86	59	0.25	0.25	1.00	8.99	7.06
Carrizozo	66.6	85	52	0.55	0.30	1.88	8.64	10.12
Socorro	65.5	86	51	0.07	0.07	1.53	8.86	7.37
Gran Quivera	62.8	82	51	1.34	1.34	1.95	14.35	12.74
Moriarty	62.2	83	47	0.14	0.14	1.61	11.29	10.67
Ruidoso	60.9	75	45	2.89	2.31	2.50	23.26	17.53
Carlsbad	72.5	89	59	3.62	3.61	2.75	10.48	10.74
Roswell	69.9	86	57	0.84	0.84	1.87	10.95	10.64
Tatum	67.1	83	55	3.24	3.01	2.36	13.22	13.53
Alamogordo	72.3	88	59	2.73	2.53	1.99	11.61	9.91
Animas	72.5	89	60	2.19	2.19	1.68	10.26	8.76
Deming	72.9	92	60	1.73	1.62	1.63	8.08	8.11
Las Cruces	74.6	91	62	2.84	1.98	1.36	9.06	7.28
T or C	71.5	87	58	0.77	0.77	1.08	8.37	7.67

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Alfalfa hay prices for August dropped by \$10.00 to \$166.00 from the previous month's total of \$176.00 per ton. Prices one year ago were \$132.00 per ton. All Hay prices also decreased from \$173.00 per ton in July to \$163.00 per ton. Cow prices decreased from the previous month by \$0.60 to \$41.90 per hundredweight. This compares to the national average of \$46.90 per hundredweight. Steer and heifer prices dropped by \$1.00 to \$112.00 per hundredweight compared to the national average of \$91.80 per hundredweight. Calf prices in August averaged \$139.00 per hundredweight, remaining steady with the previous month. Milk prices increased from the July price of \$10.90 to \$11.20 per hundredweight.

Prices Received by Farmers: Selected Commodities, July 2006 and August 2005-06

Commodity	Unit	New Mexico			U.S. ^{1/}
		August 2005 ^{2/}	July 2006 ^{2/}	August 2006 ^{1/}	August
-----Dollars-----					
CROPS					
Grain Sorghum	Cwt.	—	—	—	4.11
Cotton, Upland	Lb.	—	—	—	.472
Potatoes	Cwt.	—	—	—	9.03
Hay, all baled	Ton	130.00	173.00	163.00	106.00
Alfalfa, baled	Ton	132.00	176.00	166.00	110.00
Peanuts	Lb.	—	—	—	.169
Corn	Bu.	—	—	—	2.03
Wheat, all	Bu.	—	—	—	3.88
LIVESTOCK					
Sheep ^{3/}	Cwt.	—	—	—	27.40
Lambs ^{3/}	Cwt.	—	—	—	93.10
Cows	Cwt.	54.20	42.50	41.90	46.90
Steers & Heifers	Cwt.	107.00	113.00	112.00	91.80
Calves	Cwt.	135.00	139.00	139.00	134.00
Milk	Cwt.	14.20	10.90	11.20	11.90

^{1/} Mid-month ^{2/} Entire month ^{3/} July - entire month

LIVESTOCK OUTLOOK

ERS, USDA, August 17, 2006

Dry Conditions Continue To Dominate Cattle and Beef Industry Dynamics: Dry conditions over much of the Great Plains and, increasingly, the Southeastern cattle-producing areas, currently dominate cattle and beef sector dynamics. Pasture and range conditions for the United States as a whole have deteriorated over the last several weeks, and at 51 percent in poor-to-very-poor condition for the week ending August 12, are much worse than conditions at the same time in 2005 when only 34 percent of pasture and range was in poor-to-very-poor condition. The few bright spots are the eastern Corn Belt, the West Coast, and some other scattered areas.

With the exception of the Plains and Western Corn Belt, prospects for this year's feed grain crops are not as bad as the pasture and range conditions would suggest. For corn, 82 percent of the 2006 crop is rated in fair or better condition, as is 84 percent of the soybean crop. Only 58 percent of the sorghum crop, more common in the dryer fringes of corn growing areas and further west, is rated fair or better.

Surprises in Both Cattle on Feed and Cattle Reports: Both cattle industry reports released in July surprised most analysts. The *Cattle on Feed* report surprised the industry with placements 10 percent above a year ago, which was much higher than industry expectations. Consequently, cattle on feed on July 1 were 5 percent above a year ago and above industry expectations. In the *Cattle* report, the 2006 beef cow inventory and calf crop were below most industry expectations and, essentially unchanged from a year earlier, suggesting a slowdown in the current cattle cycle expansion.

Also, the inventory situation could be much deteriorated from the July 1, 2006, *Cattle* report because of the continued dry conditions in most of the country. Pasture and range conditions are rated 70-plus percent poor or very poor in most of the Great Plains States where a large percentage of beef cattle are located.

Beef cow slaughter is higher, running around 20 to 30 percent higher than a year ago. There are reports of unseasonably large cow sales, suggesting that some producers are exiting the industry rather than simply moving cows to other areas. Another indication is the increase in veal slaughter, which is consistent with the sale of cow calf pairs that are not destined to return to pasture, but rather both cows and calves are going to slaughter. Total cow slaughter will likely continue high until precipitation relieves the dry conditions.

Given that total cow inventories in the July 2006 *Cattle* report were only 1 percent higher than July 1, 2005, inventories, current levels of cow slaughter could have implications for the January 1, 2007, cattle inventories, especially in light of milk replacement heifer inventories, which were up 3 percent over a year ago. This 3 percent increase surprised some analysts who expected fewer milk replacement heifers, consistent with lower milk prices.

Feedlot Inventories Building: Both the *Cattle on Feed* and *Cattle* reports showed cattle on feed increased over 2005 and 2004. The *Cattle on Feed* report especially surprised the industry with placements in 1,000-head plus feedlots, 10 percent above a year ago, and higher than the top end of the range of industry expectations. Similarly, all cattle on feed reported in *Cattle* on July 1 were 4 percent above a year ago. Cattle placements under 700 pounds increased by 31 percent compared with June 2005 placements, while placements cattle 700 pounds and heavier, were down by just over 5 percent. Many of the lighter cattle would likely have remained on summer pastures had forage been available. Cattle on feed for more than 120 days in 1,000-plus head feedlots, a gross measure of short- to mid-term supplies of fed cattle for slaughter, set a record (since 1996) on July 1, 2006. These supplies of fed cattle to be marketed in the near future, combined with a continuation of the reduced slaughter levels observed recently, will likely lead to lower prices over the remainder of the summer and into fall.